Revision of rate of interest by I.D.B.L.

1057. SHRI SYED SIBTEY RAZI: Will the Minister of FINANCE be pleased to state:

(a) whether IDBI has revised interest rates;

(b) if so, what are the details thereof;

(c) whether this revision in interest rates is intended to crush down the progress of small scale industrial units of the country;

(d) whether small scale industrial units are already facing financial crisis due to escalation in interest rates in every field;

(e) whether large number of SSI units have become sick due to financial indebtedness;

(f) whether Government proposes to revoke this hike in interest rates; and

(g) if so, what are the details thereof and if not, what are the reasons therefor?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) and (b) The Industrial Development Bank of India (IDBI), in consultation with the RBI, has revised its interest rates effective from 1-8-1990. The lending rates structure for project financing will be in two tiers; one for the fist two years or construction period, whichever is shorter and the second applicable over the remaining life of the loan. The first tier interest rate structure is as before; in the second tier, all interest rates have gone up by 1 per cent.

(c) and (d) While revising the interest rates, two-tier approach has been adopted so that there is no upward revision during the construction period, and the marginal 1 per cent increase in the rate of interest becomes effective when the units are expected to be in production. Further, the existing differential in the interest rates vis-a-vis normal rates has been maintained in the schemes of refinance to provide continued benefit of concessional rates to SSI Sector.

(e) The sickness in small scale sector is attributed to several factors including management deficiencies, erosion of working funds owing to cash losses, non-availability of raw-material, power, adequate working capital etc. and may often get manifested in the form of financial indebtedness.

(f) and (g) There is no proposal to revoke the hike in interest rates as these have been revised by IDBI due to steady increase in their cost of funds.

Incentives for setting up 2-3 star Hotels

1058. SHRI RAJNI RANJAN SAHU: Will the Minister of TOURISM be pleased to state:

(a) whether Government propose to give incentive for the setting up of two star and three star hotels in the country; and

(b) if so, what are the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF TOURISM (SHRI SATYA PAL MALIK): (a) No, Sir. The Central Government presently do not propose to add any fresh incentives.

(b) Does not arise.

Investment by NRIs in Indian Industries

1059. SHRI KRISHNA KUMAR BIRLA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have

been considereing the question of inviting investment from NRIs in Industries in the country;

(b) if so, what are the details of the decision taken in the matter stating the nature of Industries opened for NRI Investment;

(c) what is the nature of the facilities proposed to be given by Government to the NRIs for investment in the country;

(d) whether any national policy on NRIs investments in the country has been formulated by Government; if so, what are the details thereof; and

(e) what measures have been taken by Government to safeguard the interest of the Indian entrepreneure ensuring the NRIs investments would be primarily to supplement their efforts in the all round industrial development in the country and not to substitute them?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) to (e) Government have set up a Special Approval Committee in the Department of Industrial Development to provide a Single window clearance to NRI entrepreneurs for various approvals such as industrial licence, import of capital goods, foreign collaboration etc. Most State Governments have also constituted High-Level Review Committees which attend to the requirements of the NRIs for allotment of industrial sheds. water and power connections, financial assistance etc.

The NRI investment policy is constantly kept under review. Government have constituted a consultative committee in the Department of Economic Affairs which looks into the various Policy and procedural issues connected with NRI investment. As a result of the deliberations of this committee, several policy and procedural issues such as visa norms for NRI entrepreneurs, opening of subscription collection account at the overseas location and refund of money therefrom without bringing to India, foreign currency denominated bonds on non-repatriation basis, investment in Hotels and Air Taxis etc. have been initiated with a view to improving the investment climate in India.

Study conducted by a Government Agency on rise in smuggling activities

1060. SHRI GURUDAS DAS GUPTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that smuggling activities are on the rise in the country and that a study has been recently conducted on smuggling by a Government agency; and

(b) if so, what are the details?

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI ANIL SHASTRI): (a) and (b) Since smuggling is a clandestine activity, it is not possible for any agency to estimate the extent of smuggling into or out of the country. However, the Enforcement agencies remain alert against smuggling and the value of seizures affected by the Customs authorities over the past few years as given in the table below an increasing trend. This need not necessarily indicate a spurt in smuggling but could be due to intensified anti-smuggling efforts:

Year	Value of seizures (Rs. in crores)
1985	195.63
1986	217.52
1987	251.47
1988	443.14
1989	554.59
1990 (upto 6th August)	387.78 (Provisional)